

**STATE OF LOUISIANA**

**DEPARTMENT OF ENVIRONMENTAL QUALITY**

**IN THE MATTER OF:**

**CASTEX ENTERGY, INC.**

**PROCEEDINGS UNDER THE LOUISIANA  
ENVIRONMENTAL QUALITY ACT  
LA. R.S. 30:2001, ET SEQ.**

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\* **Enforcement Tracking No.**  
\* **AE-CN-02-0186**  
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\* **Agency Interest No. 32996**  
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**SETTLEMENT**

The following Settlement is hereby agreed to between Castex Entergy, Inc. ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. (the "Act").

**I**

Respondent is a limited partnership who operates a oil and gas production facility approximately 18 miles southeast of Morgan City in Terrebonne Parish, Louisiana.

**II**

On February 21, 2003, the Department issued a Consolidated Compliance Order and Notice Of Potential Penalty, Enforcement Number AE-CN-02-0186, to Respondent, which was based upon the following findings of fact:

On or about September 9, 2002, a file review of CASTEX ENERGY, INC.'S BAYOU PENCHANT FIELD was performed to determine the degree of compliance with the Act and Air Quality Regulations.

While the Department's investigation is not yet complete, the following violations were noted during the course of the file review:

A. The Department has received the Respondent's annual

compliance certification for the period encompassing January through December 2000 dated March 28, 2001. The 2000 emissions from emission source 9082-24 are detailed in the table below. As noted in the Respondent's report, the average daily gas rate for the year 2000 exceeded the permitted rate, causing an exceedance in the VOC and BTEX emissions for emission source 9082-24. Each is a violation of Air Permit Number 2880-00047-V0, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

Emission Source Number 9082-24	Total VOC	benzene	toluene	ethyl benzene	xylene	n-hexane
2000 Emissions (tons)	8.22	2.76	3.07	0.25	0.69	1.02
Permitted Emissions (tons)	7.52	2.24	2.49	0.20	0.56	0.83
Excess Emissions (tons)	0.70	0.52	0.58	0.05	0.13	0.19

- B. The Department has received the Respondent's annual compliance certification for the period encompassing January through December 2001 dated February 7, 2002. The 2001 emissions for the sources referenced in the Respondent's report are detailed in the tables below. As noted in the Respondent's report, the average annual oil production rate for the year 2001 was higher than the rate that established the emission limitations for these sources. Therefore, excess emissions occurred from these sources for year 2001. Each is a violation of Air Permit Number 2880-00047-V0, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

Emission Point Number 851-07	Total VOC	benzene	toluene	ethyl benzene	xylene	n-hexane
2001 Emissions (tons)	2.430	0.003	-	-	-	0.218
Permitted Emissions (tons)	1.327	0.008	0.014	0.003	0.014	-
Excess Emissions (tons)	1.103	-0.005	-0.014	-0.003	-0.014	0.218

Emission Point Number 852-16	Total VOC	benzene	toluene	ethyl benzene	xylene	n-hexane
2001 Emissions (tons)	21.040	0.056	0.009	0.000	0.002	0.610
Permitted Emissions (tons)	5.874	0.038	0.062	0.015	0.062	-
Excess Emissions (tons)	15.166	0.018	-0.053	-0.0146	-0.0603	0.610

Emission Point Number 852-17	Total VOC	benzene	toluene	ethyl benzene	xylene	n-hexane
2001 Emissions (tons)	21.040	0.056	0.009	0.000	0.002	0.610
Permitted Emissions (tons)	5.874	0.038	0.062	0.015	0.062	-
Excess Emissions (tons)	15.166	0.018	-0.053	-0.0146	-0.0603	0.610

Emission Point Number 852-18	Total VOC	benzene	toluene	ethyl benzene	xylene	n-hexane
2001 Emissions (tons)	21.040	0.056	0.009	0.000	0.002	0.610
Permitted Emissions (tons)	6.839	0.044	0.072	0.018	0.072	-
Excess Emissions (tons)	14.201	0.012	-0.063	-0.0176	-0.0703	0.610

Emission Point Number 852-19	Total VOC	benzene	toluene	ethyl benzene	xylene	n-hexane
2001 Emissions (tons)	21.040	0.056	0.009	0.000	0.002	0.610
Permitted Emissions (tons)	5.874	0.038	0.062	0.015	0.062	-
Excess Emissions (tons)	15.166	0.018	-0.053	-0.0146	-0.0603	0.610

Emission Point Number 852-20	Total VOC	benzene	toluene	ethyl benzene	xylene	n-hexane
2001 Emissions (tons)	21.040	0.056	0.009	0.000	0.002	0.610
Permitted Emissions (tons)	5.874	0.038	0.062	0.015	0.062	-
Excess Emissions (tons)	15.166	0.018	-0.053	-0.0146	-0.0603	0.610

Emission Point Number 852-21	Total VOC	benzene	toluene	ethyl benzene	xylene	n-hexane
2001 Emissions (tons)	21.040	0.056	0.009	0.000	0.002	0.610
Permitted Emissions (tons)	6.839	0.044	0.072	0.018	0.072	-
Excess Emissions (tons)	14.201	0.012	-0.063	-0.0176	-0.0703	0.610

Emission Point Number 9601-40	Total VOC	benzene	toluene	ethyl benzene	xylene	n-hexane
2001 Emissions (tons)	1.870	0.002	-	-	-	0.168
Permitted Emissions (tons)	0.732	0.005	0.008	0.002	0.008	-
Excess Emissions (tons)	1.138	-0.003	-0.008	-0.002	-0.008	0.168

C. The Department has received the Respondent's annual compliance certification for the period encompassing January through December 2001 dated February 7, 2002. The 2001 emissions for the sources referenced in the Respondent's report are detailed in the tables below. As noted in the Respondent's report, the average annual water production rate was higher than the rate that established the emission limitations for these sources. Therefore, excess emissions occurred from these sources for year 2001. Each is a violation of Air Permit Number 2880-00047-V0, LAC 33:III.501.C.4, and Sections 2057(A)(1) and 2057(A)(2) of the Act.

Emission Point Number 9602-41	Total VOC	benzene	toluene	ethyl benzene	xylene	n-hexane
2001 Emissions (tons)	4.320	0.068	0.048	0.010	0.028	0.636
Permitted Emissions (tons)	1.327	0.008	0.014	0.003	0.014	-
Excess Emissions (tons)	2.993	0.060	0.034	0.0067	0.014	0.636

Emission Point Number 9603-42	Total VOC	benzene	toluene	ethyl benzene	xylene	n-hexane
2001 Emissions (tons)	20.63	0.009	0.005	0.001	0.003	0.261
Permitted Emissions (tons)	1.327	0.008	0.014	0.003	0.014	-
Excess Emissions (tons)	19.303	0.001	-0.009	-0.0022	-0.011	0.261

Emission Point Number 9604-43	Total VOC	benzene	toluene	ethyl benzene	xylene	n-hexane
2001 Emissions (tons)	2.41	0.003	-	-	-	0.2157
Permitted Emissions (tons)	1.327	0.008	0.014	0.003	0.014	-
Excess Emissions (tons)	1.083	-0.0053	-0.014	-0.003	-0.014	0.2157

### III.

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties

### IV

Nonetheless, the Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of ONE THOUSAND FIVE HUNDRED (\$1,500.00) DOLLARS, of which \$399.97 represents DEQ's enforcement costs, in settlement of the claims set forth in this agreement. The total amount of money expended by Respondent on cash payments to DEQ as described above, shall be considered a civil penalty for tax purposes, as required by La. R.S. 30:2050.7(E)(1).]

### V

Respondent further agrees that the Department may consider the inspection report(s), the Consolidated Compliance Order and Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action the Respondent shall be estopped from objecting to the above-referenced

documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

## VI

This agreement shall be considered a final order of the secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement.

## VII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in LSA- R. S. 30:2025(E) of the Act.

## VIII

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Terrebonne Parish. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted a proof-of-publication affidavit to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

## IX

Payment is to be made within ten (10) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Penalties are to be made payable to the Department of

Environmental Quality and mailed to the attention of Darryl Serio, Office of Management and Finance, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303.

X

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XI

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his/her respective party, and to legally bind such party to its terms and conditions.

WITNESSES:

RESPONDENT

M. A. H.

BY:

Ronald T. Ivy  
(Signature)

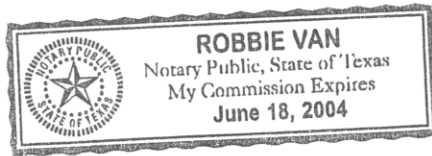
RONALD T. IVY

(Printed)

S. Holman

TITLE: OPERATIONS MANAGER

THUS DONE AND SIGNED in duplicate original before me this 6TH day  
of AUGUST, 2003, in Houston, Texas.



Robbie Van  
NOTARY PUBLIC

WITNESSES:

STATE OF LOUISIANA

Hall Bohlinger, Secretary

Department of Environmental Quality

Holley Smith

Reggie M. Hatch

BY:

R. Bruce Hammatt

R. Bruce Hammatt, Assistant Secretary  
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this 2nd day  
of December, 2003, in Baton Rouge, Louisiana.

[Signature]  
NOTARY PUBLIC

Approved:

R. Bruce Hammatt  
R. Bruce Hammatt, Assistant Secretary



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\* AE-CN-02-0186  
\*  
\* Agency Interest No. 32996  
\*

This Settlement Agreement has been reviewed, and is concurred in, by the  
Attorney General, under the provisions of La. R.S. 30:2050.7.

RICHARD P. IEYOUB  
ATTORNEY GENERAL

DATED: 11-7-03

BY:   
ASSISTANT ATTORNEY GENERAL